



# On Demand Business: The New Agenda in Action

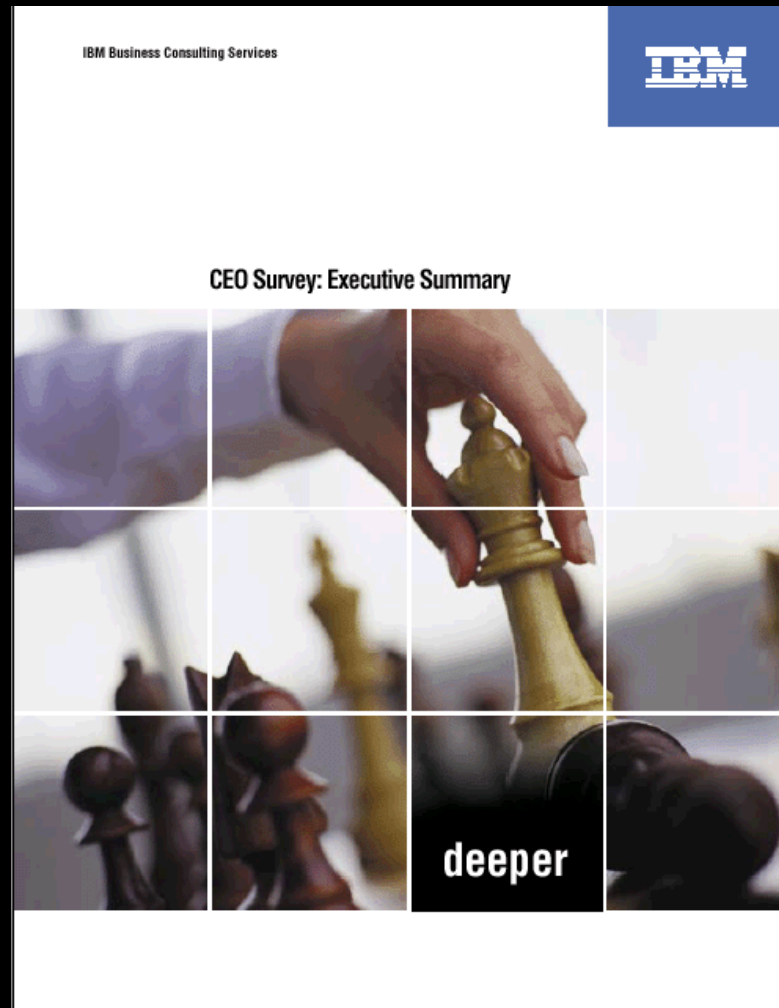
Presenter

Title





# Global CEO Study



Aggressive growth  
with cost containment

Responsiveness to  
changing markets  
and risks

New skills and capabilities

Source: *Your Turn: Global CEO Study 2004*, IBM Business Consulting Services



# IBM Business Leadership Forum



"We have grown quite fast following a business model based on innovation, transformation and change."  
Bankinter CEO  
Juan Arena



"How do you deploy information technology that allows people to make enlightened decisions?"  
eBay CEO  
Meg Whitman

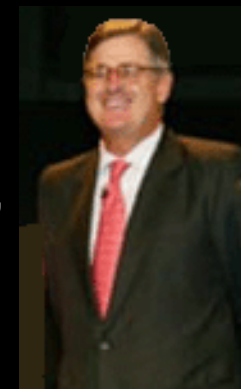


"If you can't differentiate yourself in this world, you get commoditized instantaneously. I think a lot about innovation and differentiation."  
GE CEO Jeff Immelt



"Our goal has been to combine economies of scale and agility – and to improve both."  
Nokia CEO  
Jorma Ollila

"It's through innovation that you create value"  
IBM CEO  
Sam Palmisano





# SMB event

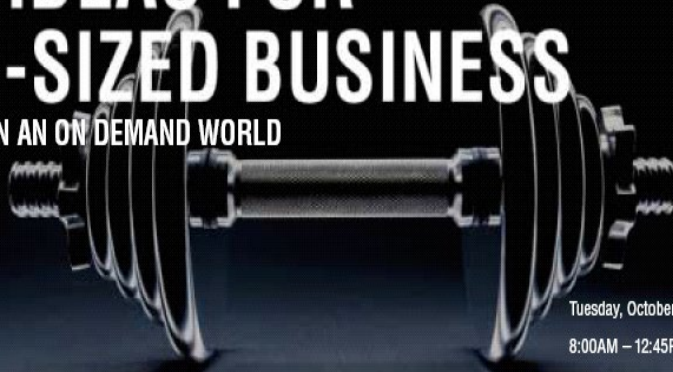
New York City  
October 26, 2004

IBM

INTRODUCING A SPECIAL EVENT FROM IBM:

## BIG IDEAS FOR MID-SIZED BUSINESS

WINNING IN AN ON DEMAND WORLD



Tuesday, October 26, 2004

8:00AM – 12:45PM

American Museum of Natural History  
Central Park West at 79th Street  
New York, New York

ON DEMAND BUSINESS™

### NetFlix

Scaling To Meet Demand  
*Enabling An Individualized  
Customer Experience*

### Locus Pharmaceuticals

Pay As You Go Computing Power  
*Linux-based Grid On Demand*

### Sesame Workplace

Hosting & Digital Asset Management  
*Building New Service Models*

### General Glass International

Integrating Business Processes  
*Growth Through Web-enabled  
Business Systems*

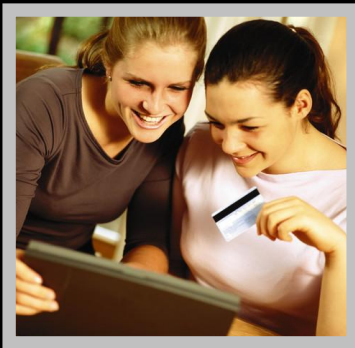
### Museum of Modern Art

On Demand Cultural Institution



# The New Agenda

An On Demand Business is  
an enterprise whose business processes  
— integrated end-to-end across the company  
and with key partners, suppliers and customers —  
can respond with speed to any customer demand,  
market opportunity or external threat.





# Advancing technology

What if...

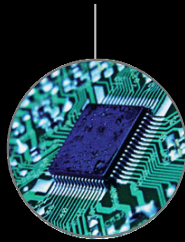
... everything is connected and intelligent?

... networking and transactions are inexpensive?

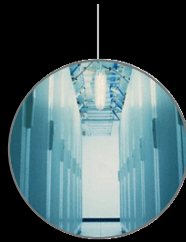
... computing power is unlimited?



↑ Adoption of  
open standards



↑ Processor  
speed



↑ Storage



↑ Bandwidth



↑ Number of  
networked  
devices



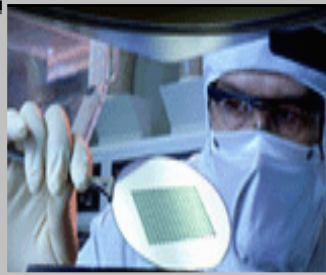
↓ Interaction  
costs



# Deeper integration of technology and business



Human  
Resources



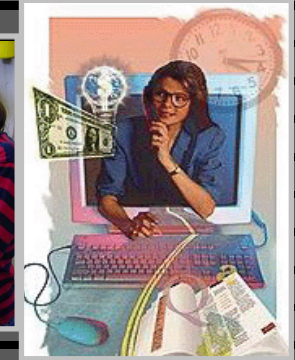
R & D



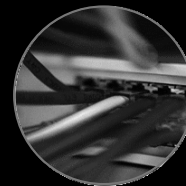
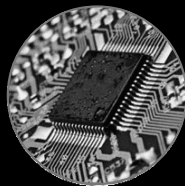
CRM



Inventory



Procurement





# On demand breakthroughs

'Breakthrough innovations -- not just steady improvements -- in operations can...shake up entire industries.'

- Michael Hammer  
**Harvard Business Review**



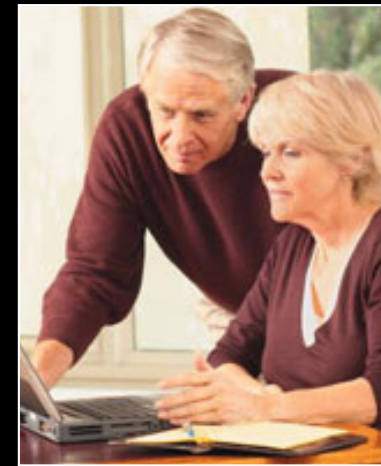
Media & Entertainment



Retail



Healthcare



Financial Services



# Real results today

## Electronics



- 2.4X higher revenue per employee
- 1.5X higher profitability
- 2X higher ROIC

## Consumer Packaged Goods



- 35% higher revenue per employee
- 25% higher revenue growth
- 2X higher ROIC

## Automotive



- 6% higher revenue growth
- 19% higher revenue per employee
- 2X higher ROIC

Source: IBM Business Consulting Services



# 'Pay as you drive' rates



© AVIVA plc 2004

- In-car telematics black box
- Wireless gateway
- Open standards

**Insurance**



# Future Store

## METRO Group



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- 'Smart shelves' advanced inventory system
- Innovative retail technologies
- First rollout of RFID across a retail supply chain

**Retail**



## 'Sense and respond' procurement



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- Beyond integration: end to end adaptive information
- 20% higher staff productivity
- Shorter order-to-delivery cycles

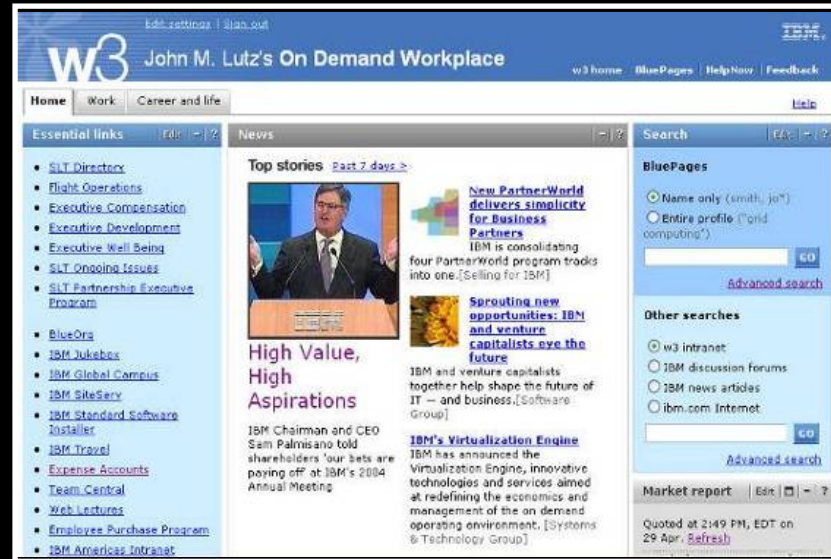
**Automotive**



# Inside IBM

## On Demand Workplace

- Productivity gain: 1-2 hours per month x 320,000 employees
- \$280M annual saving in education costs
- \$8M annual saving in travel and meeting costs



## Integrated Supply Chain

- \$7B cost & expense savings in 2003
- 33,000 suppliers Web-connected
- Inventories at 30-year low



## New capabilities for higher business value

- Component Business Modeling
- Business and infrastructure solutions
- IBM Center for Business Optimization
- Software as a service
- Orchestration
- Service oriented architecture
- Virtualization Engine



# Component Business Modeling

	Business Administration	Financial Management	Product/Process	Production	Supply Chain	Marketing & Sales	Service & After-sales
Direct	Corporate/LOB Strategy & Planning	Financial Planning & Forecasting	Portfolio Strategy & Planning	Production Strategy	Supply Chain Strategy & Planning	Customer Relationship Strategy	Post Vehicle Sale Strategy
	Organization & Process Policies	Capital Appropriation Planning	Research & Development	Master Production Planning	Demand Planning	Sales & Promotion Planning	
	Alliance Strategies		Design Rules & Policies	Production Rules & Policies	Supplier Relationship Planning	Brand Management	
Control	Human Capital Management	Risk Management & Internal Audit	Program Management	Production Scheduling	Supply Chain Performance Monitoring	Relationship Monitoring	Warranty Management
	Legal & Regulatory	Treasury	Configuration Management	Production Monitoring	Supplier Management	Demand Forecast & Analysis	
	Business Performance	Tax Management	Design Validation	Quality Management	Logistics Management	Dealer Management	Quality Management
Execute	Intellectual Property		Change Management				
	Knowledge & Learning	Accounting & General Ledger	Mechanical Design	Plant Operations	Inventory Management	Lease Management	Parts Management
	Building/Facilities & Equipment		In-vehicle System Design		Transportation Management	Order Management	Vehicle Service
	IT Systems & Operations	Cost Management	Process Design	Maintenance Management	Procurement	Customer Relationship Management	End-of-Life Vehicle
			Tool Design & Build				

## Strategic Differentiation

- Strategic
- Competitive Parity
- Basic



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1 <b>Consolidate</b>	2 <b>Achieve Superiority</b>
3 <b>Manage as Utility</b>	4 <b>Leverage Specialists</b>

Target operating characteristics for each component



# Software as a service

**SIEBEL**  
**CRM OnDemand**

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Hosting Infrastructure

◉ Hosting Infrastructure

### IBM Hosting



World's largest provider of hosting services

Unparalleled scalability, reliability, and security

Provides hosting service to nearly half of the Fortune 500

State-of-the-art e-business Hosting Centers

[IBM Hosting datasheet](#)

With Siebel CRM OnDemand, you can focus on sales, marketing and customer service. Leave the infrastructure and operations to IBM—the brand entrusted by more than 2,000 companies to host their mission critical business applications and Web sites.

IBM's track record speaks for itself. Where numerous hosting application service providers have fallen by the wayside, IBM e-business Hosting has thrived.

Siebel CRM OnDemand incorporates IBM's industry-leading best practices, processes methodologies for hosting and managing Siebel applications.

- World class CRM with low total cost of ownership
- Internet delivery via IBM hosting
- Simple migration path to more customized application

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# Service oriented architecture

- Aggregation of new and existing services into business processes
- Visibility into the enterprise
- Flexibility to adapt to new market opportunities



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# IBM Business Partners

90,000+ worldwide



- Independent software vendors
- Consultants
- Integrators
- Distributors
- Resellers

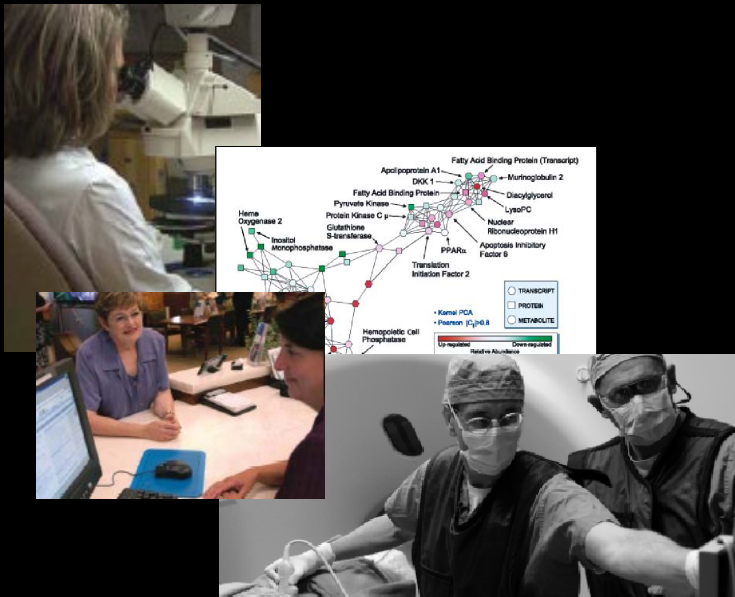


# Business Performance Transformation Services



**Collaboration to accelerate advances in patient care and research, while transforming the effectiveness and economics of health care**

- New techniques to improve diagnoses
- Deep computing power to help model diseases and find cures
- New devices to help transform how patients and physicians interact
- Patient records linked to new types of medical information



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## Next steps

- Perform an on demand assessment to identify focal points and priorities
- Invest in solutions that boost process integration and productivity
- Move to open architecture and scalable systems
- Find partners who will work together for you

[www.ibm.com/ondemand](http://www.ibm.com/ondemand)



